



County of Santa Cruz⁰²⁸¹

REDEVELOPMENT AGENCY

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TOM BURNS, AGENCY ADMINISTRATOR

January 25, 2002

Agenda: February 12, 2002

Board of Supervisors
County of Santa Cruz
701 Ocean Street
Santa Cruz, CA 95060

Section 8 Voucher Program Recruitment

Dear Members of the Board:

As part of the Housing Action Plan, your Board asked staff to investigate perceived difficulties in getting landlords to accept tenants receiving rental subsidies under the HUD Section 8 Voucher Program. This report provides staffs investigation and findings on this matter.

Under the Section 8 Program a qualified tenant pays no more than 30% of their income for rent. The remaining rent, which is between 30% of the tenants income and HUD "fair market rent", is paid as rental assistance through the HUD Section 8 Voucher Program. It should be noted that the HUD fair market rent level is predetermined by HUD for a given year by region and theoretically is equivalent to the mid range of rents for a typical unit.

The Housing Authority has more than 1,500 landlords participating in the program and has, at any given time, landlords controlling 75 to 80 of rental units explicitly requesting Section 8 tenants. For these and other reasons the Housing Authority has historically been able to keep 95% of its Vouchers under lease.


As you may recall, 2001 rent levels did not reflect normal market conditions in Santa Cruz County. During an overheated rental market, there are an unusually large number of households competing for the same rental units, thus increasing the length of time a given household takes to secure housing. This tight rental market similarly affected Section 8 Voucher holders. Like others seeking rental housing, the majority of Voucher holders took 8 to 10 weeks to obtain rentals where normally a suitable rental would normally be secured in 2 to 4 weeks. This occurrence may have given rise to the perception that the Section 8 Program was less than effective. Fortunately, the rental market has since softened some. Additionally, the Housing Authority was able to utilize the Last Months Rent/Deposit Program funds provided by the County and Cities of Santa Cruz, Capitola, and Scotts Valley to further enhance the attractiveness of the Section 8 Program.

The Housing Authority determined through working with its voucher holders that in a tight rental market landlords have the luxury of selecting the "best" tenants. A renter is deemed to be "best" by having a good credit history, a good rental history (i.e. no evictions, positive landlord references), will take care of the premises, has readily available funds for security deposits, etc. In a tight rental market prospective renters have to be quick and energetic in applying for rentals the moment they are listed. They have found that Section 8 Voucher holders who met the criteria landlords were looking for and went out early and often to seek rentals were able to use their Vouchers. Voucher holders who didn't meet landlord criteria or who were less assertive in looking for a rental did not fare so well. Although it does provide sessions at which Voucher holders are briefed on the various aspects of how to find and rent units, the Housing Authority felt that a more intensive tenant education program was required to assist tenants in resolving issues which might be a hindrance in their rental history. Accordingly, last summer, the Housing Authority applied for a HUD grant to provide such classes and assistance. The grant was highly competitive with only six grants to be made to larger housing authorities such as the Housing Authority of the County of Santa Cruz. Recently, the Housing Authority received word that it was one of the six would be receiving \$1 million to provide the proposed program.

In summary, the combination of a softening in rental market conditions, the linkage that has been developed between the rental security deposit program and the Section 8 Voucher program, the addition of the tenant education and counseling grant and the recent allocations of new vouchers mean that Voucher holders have a variety of resources to assist them in finding suitable rentals. We realize that the current rental market may change and competition for available rentals may intensify again. The Housing Authority will monitor rent levels closely to gauge whether tenants with vouchers are placed at a disadvantage in the face of skyrocketing rent levels. If this occurs, we will return to the Board with recommendations to enhance recruiting and retaining rental property owners for participation in the Section 8 Voucher Program.

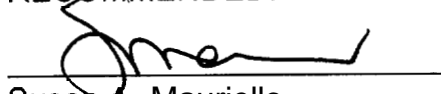
It is therefore RECOMMENDED that your Board, accept and file this report.

Very truly yours,



Tom Burns
Redevelopment Agency Administrator

RECOMMENDED:



Susan A. Mauriello
Redevelopment Agency Director

cc. RDA
Housing Authority

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